of Rockville pursuant to this Section 9.3 and the City of Rockville shall reimburse the Council of Unit Owners the cost of acquiring such policy as a Special Maintenance Expense.

Section 9.4. Mutual Waiver of Subrogation. With respect to property loss or damage, the Council of Unit Owners and Board of Directors for the Condominium waive any rights of recovery against the Unit Owners and the Unit Owners waive any rights of recovery against the other Unit Owner(s) and the Council of Unit Owners, regardless of whether such loss is due to the negligence of any party. Any party obtaining insurance shall also ensure that all property insurance policies obtained by the Board of Directors for the Condominium or by a Unit Owner shall include a clause or endorsement denying the insurer any rights of recovery or subrogation in favor of the Unit Owners and the Council of Unit Owners.

ARTICLE 10 REPAIR AND RECONSTRUCTION AFTER FIRE OR OTHER CASUALTY

Section 10.1. When Repair and Reconstruction are Required. Except as otherwise provided in Section 10.4 [When Reconstruction is Not Required], if all or any part of the General Common Elements or of the Base Building are damaged or destroyed as a result of fire or other casualty, the Board of Directors shall arrange for and supervise the prompt repair and restoration thereof.

Section 10.2. Procedure for Reconstruction and Repair.

- (a) Cost Estimates. Subject to Section 10.4 [When Reconstruction is Not Required], as soon as reasonably practicable under the circumstances after a fire or other casualty causing damage to any portion of the Common Elements or of the Base Building, the Board of Directors shall obtain reliable and detailed estimates (if reasonably practicable under the circumstances, no fewer than three (3)) of the cost of repairing and restoring such portion of the Common Elements and the Base Building to a condition at least as good as that existing before such fire or other casualty.
- (b) Plans and Specifications. Unless otherwise agreed by the consent of the members of the Board of Directors, any such reconstruction or repair shall be substantially in accordance with the plans and specifications for the original construction of the Property, using contemporary building materials and technology to the extent feasible, subject to any modifications required by changes in Applicable Law and any alterations or modifications made to the Property since the date of the original construction.

Section 10.3. Disbursements of Construction Funds.

(a) Construction Fund and Disbursement. The proceeds of the Council of Unit Owner's insurance on account of a fire or other casualty, and the sums received by the Board of Directors from collections of assessments against Unit Owners on account of such casualty, shall constitute a construction fund that shall be disbursed in payment of the costs of reconstruction and repair in the following manner:



- (i) If the estimated cost of reconstruction and repair of the Common Elements and the Base Building is less than ten percent (10%) of the Council of Unit Owners' annual budget, then the construction fund shall be disbursed in payment of such costs upon order of the Board of Directors;
- If the estimated cost of reconstruction and repair of the Common Elements and the Base Building is ten percent (10%) or more of the Council of Unit Owners' annual budget, then with respect to the coverages in Section 9.1(a) (i), (iv) and (v), payments shall be made to the Insurance Trustee in trust, as loss payee. The construction fund shall be disbursed in payment of such respective costs upon approval of a reputable architect licensed to practice in Maryland who has been employed by the Board of Directors (and approved by the Insurance Trustee) to supervise such work and upon obtaining a release of liens from all contractors and subcontractors being paid, payment is to be made monthly as the work progresses (subject to any applicable retainage). The architect shall be required to furnish a certificate to the Board of Directors and the Insurance Trustee giving a brief description of the services and materials furnished by various contractors, subcontractors, materialmen, the architect and other persons who have rendered services or furnished materials in connection with the work stating that: (A) the sums requested by them in payment are justly due and owing and that such sums do not exceed the value of the services and materials furnished; (B) there is no other outstanding indebtedness known to such architect for the services and materials described; and (C) the cost as estimated by such architect for the work remaining to be done subsequent to the date of such certificate does not exceed the amount of the construction fund remaining after payment of the sum so requested.
- (b) Surplus. The first monies disbursed in payment of the cost of reconstruction and repair shall be from insurance proceeds. If there is a balance in the construction fund after the payment of all of the costs of the reconstruction and repair for which the fund is established, such balance shall be either allocated to replacement reserves (if any) if the Board so determines, with the consent of the members of the Board of Directors, or allocated among all Unit Owners in proportion to the insured value of the respective Units or placed in the account of the Council of Unit Owners with the consent of the Member of the Board of Directors.
- Order of Repair. When the damage is to both Common Elements and the Base Building, the Council of Unit Owner's insurance proceeds shall be applied first to the cost of repairing those portions of the Common Elements and of the Base Building that enclose, service, or are necessary for the reasonable use, servicing and operation of the Units, then to the cost of repairing the other Common Elements and thereafter to the cost of repairing the other portions of the Base Building, unless otherwise determined with the consent of the members of the Board of Directors. Notwithstanding the foregoing, the order of priority with respect to repair of the Base Building and Common Elements shall be (1) Base Building and General Common Elements and (2) Limited Common Elements, if any.
- (d) **Deficit/Deductible**. If the insurance proceeds and the funds from the replacement reserves are insufficient to effectuate all required repairs, any deficit shall be funded by an assessment against all Unit Owners in proportion to the full replacement cost of the respective Units. Any deductible required to be paid in connection with any insurable loss shall



be a General Common Expense, except to the extent such insurance is for a Limited Common Element or a Special Maintenance Item, in which case such deductible shall be a Special Maintenance Cost.

Section 10.4. When Reconstruction is Not Required. The Board of Directors by vote shall elect not to repair or replace or cause to be repaired or replaced any portion of the Base Building or the Common Elements for which insurance is required that is damaged or destroyed if (a) the Condominium is terminated, (b) repair or replacement would be illegal under any Applicable Law, or (c) the Unit Owners vote not to repair or rebuild. If the Condominium is terminated, the insurance proceeds shall be distributed based upon the total insured value of the respective Units. If the Base Building or the Common Elements are not repaired, the insurance proceeds attributable to the damaged Base Building or the Common Elements shall be used to restore the damaged areas to a safe and reasonable condition. The insurance proceeds attributable to the Units and Limited Common Elements that are not rebuilt shall be distributed to the Unit Owners of those Units and the Unit Owners of the Units to which those Limited Common Elements appertained, or to the Mortgagees, based upon the total insured value of the respective Units. The remainder of the insurance proceeds shall be distributed to all the Unit Owners or to the Mortgagees, as their interests may appear, in proportion to the total insured value of the respective Units. If any Unit is not rebuilt, then such Unit's allocated interests shall be automatically reallocated as if the Unit had been condemned under Section 11-112 of the Maryland Condominium Act, and the Council of Unit Owners promptly shall prepare, execute and record among the Land Records an amendment to the Condominium Documents reflecting the reallocation.

ARTICLE 11 MISCELLANEOUS

Section 11.1. Estoppel Certificate. The Council of Unit Owners and any Unit Owner, upon request of the other such party, shall promptly execute and deliver an estoppel certificate to such parties as are reasonably requested (including a Mortgagee, prospective purchaser, or lessee), at any time and from time to time, upon not less than ten (10) days prior written request. If applicable, the estoppel certificate shall include a statement certifying that the Condominium Documents are unmodified (except as identified in the estoppel certificate) and in full force and effect, describing the dates to which Condominium assessments or other charges have been paid, representing that, to such party's actual knowledge, there is no default (or stating the nature of the alleged default) and indicating such other factual and readily ascertainable matters with respect to the Condominium Documents as may reasonably be requested. If the Council of Unit Owners or any Unit Owner fails to execute and deliver the estoppel certificate in accordance with this Section 11.1, the requesting party, after a five (5) day notice and opportunity to cure, may execute and deliver an estoppel on behalf of the other party, which estoppel certificate shall be fully binding, provided that is factually accurate and correct to the requesting party's actual knowledge.

Section 11.2. Averting Public Dedication. All or any portion of the Common Elements may be temporarily closed to such extent as the Board of Directors shall determine to be legally necessary and sufficient to prevent a dedication thereof or any accrual of any rights in any person



other than the Unit Owners. The Board of Directors will use reasonable efforts to minimize disruption to each Owner's use of its Unit during the period of any temporary closure.

Section 11.3. Construction and Enforcement.

- (a) The provisions of the Condominium Documents shall be liberally construed to achieve the purpose of creating a uniform plan for the operation of the Property as a condominium. The Condominium Documents are intended to comply with the applicable provisions of the Maryland Condominium Act and shall be so interpreted and applied. The Council of Unit Owners, the Board of Directors, and any Unit Owner shall have the right to enforce the Condominium Documents by any proceeding at law or in equity against any person or persons violating any of the same, subject to the requirements of Article 7 of the Bylaws, either to restrain or enjoin violation or to recover damages, or both, and against any Unit to enforce any lien created by the Condominium Documents. Notwithstanding Section 11.20 of this Declaration to the contrary, the failure or forbearance to enforce any provision of the Condominium Documents shall in no event be deemed a waiver of the right to do so thereafter.
- (b) There is a conclusive presumption that any violation or breach or any attempted violation or breach of any of the provisions of the Condominium Documents cannot be adequately remedied solely by action at law or exclusively by recovery of damages and may be remedied by injunctive or other equitable relief.
- (c) In the event of any inconsistency between the provisions of this Declaration and the provisions of the Bylaws or the Rules, the provisions of this Declaration shall control. In the event of any inconsistency between the provisions of the Bylaws and the provisions of the Rules, the provisions of the Bylaws shall control.
- (d) The Condominium Documents represent the results of bargaining and negotiations among the Declarant and the proposed purchasers of the Commercial Unit, Residential Unit and Parking Unit and a combined drafting effort. Consequently, any Applicable Law requiring that ambiguous or conflicting terms be construed against the party whose attorney prepared the Condominium Documents shall not apply.
- (e) The word "include" and similar terms such as "included" and "including" used in the Condominium Documents are terms of enlargement and shall not imply any restriction or limitation unless the context clearly otherwise requires.
- (f) Unless otherwise expressly stated in the Condominium Documents, all matters requiring action, consent or approval by the Board of Directors shall require the unanimous consent of the members of the Board of Directors (such action, consent or approval shall likewise require the unanimous consent of all Unit Owners to the extent such action, consent or approval is undertaken by the Council of Unit Owners); provided, however, that any action taken by the Board of Directors (or Council of Unit Owners to the extent such action or decision is undertaken by the Council of Unit Owners) arising from a Unit Owner's failure to perform a monetary obligation under the Condominium Documents (such as, by way of example, a Unit Owner's failure to pay assessments pursuant to Section 5.1 [Determination of General Common Expenses and Assessments Against Unit Owners] or Section 5.2 [Payment of



Condominium Assessments] of the Bylaws) or arising from a Unit Owner's violation of any obligation, condition, or covenant set forth in the Condominium Documents that would have an adverse and material impact on any other Unit Owner, its tenants, subtenants, licensees, employees, contractors, agents, customers or invitees shall only require the majority consent of the members of the Board of Directors (such action or decision shall likewise require the majority consent of all Unit Owners to the extent such action or decision is undertaken by the Council of Unit Owners).

Section 11.4. Real Estate Taxes and Assessments. Each Unit Owner shall pay or cause to be paid, prior to delinquency, all real estate taxes, ad valorem taxes, assessments, water and sewer rents or charges, if any, and all other charges, if any, special or otherwise, foreseen or unforeseen, levied, imposed on or assessed upon or with respect to such Unit Owner's Unit and the buildings and Improvements located thereon, or any part thereof, by any public or quasipublic authority having jurisdiction (hereinafter collectively referred to as "Taxes"). Nothing contained in this Section shall prevent any Unit Owner from prosecuting an action to secure a reduction or abatement of any Taxes with respect to its Unit in any manner as such Unit Owner elects; provided, however, that no Unit Owner shall allow any items so contested to remain unpaid for a length of time as shall permit any portion of the Common Elements, or the lien thereon created by such items, to be foreclosed or sold by any governmental authority for the non-payment thereof. At the time any such action is concluded (allowing for appeal to the highest appellate court), the Unit Owner instituting such action shall promptly pay all Taxes determined to be owing together with all interest, penalties, charges, and costs due thereon.

Section 11.5. Severability. The provisions of this Declaration shall be deemed independent and severable, and the invalidity or unenforceability of any provision or portion thereof shall not affect the validity or enforceability of any other provision or portion thereof unless such deletions shall adversely and materially alter the operation of the Condominium.

Section 11.6. Captions. The captions used in this Declaration are included solely as a matter of convenience and shall not be relied upon or used in construing the effect or meaning of any of the provisions of this Declaration.

Section 11.7. Amendments. This Declaration may be amended or terminated only with the express written consent of all members of the Board of Directors. Any amendment to or termination of this Declaration shall not become effective until such time as it has been recorded among the Land Records. Upon the completion of the construction of the improvements within the Property, the Board of Directors shall promptly amend the Condominium Documents to describe the Units and the Common Elements "as built," to identify the location of the Common Elements and any easements not previously granted by the Condominium Documents necessary for the operation of the Units and the Common Elements and to reallocate the Percentage Interests based upon the "as-built" square footage of the Units measured by the Board of Directors to include the total number of square feet of floor area, excluding uncovered steps, interior egress stairs, uncovered porches, rooftop mechanical equipment enclosures, mechanical shafts and elevator shafts; but, including cellars or basements designed and available for tenant use or occupancy. All measurements shall be made between exterior faces of walls or the centerline of walls of abutting buildings, foundations, piers or other means of support. The Board of Directors may engage the services of an architect or surveyor licensed by the State of



Maryland to measure the as built dimensions for purposes of amending the Condominium Documents. The cost of such Architect or surveyor shall be a General Common Expense. If requested of the Board of Directors, each Unit Owner shall promptly execute and deliver an amendment to the Condominium Documents and provide such further assurances as may be deemed reasonably necessary or desirable by the Board of Directors.

Section 11.8. Applicable Law. This Declaration shall be governed by and construed according to the laws of the State of Maryland.

Section 11.9. Effective Date of Declaration. This Declaration shall become effective when it and the Condominium Plats have been recorded among the Land Records.

Section 11.10. Notices. Except as otherwise expressly required in this Declaration or the Bylaws, all notices, requests, demands, bills, statements, or other communications under this Declaration and the Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or when delivered by certified mail, return receipt requested, or by any other delivery or courier service that can provide tracking information regarding the delivery of such notice, as follows: (a) if to a Unit Owner, at the address provided by the Unit Owner to the Council of Unit Owners, (b) if to the Council of Unit Owners or the Board of Directors, at the principal office of the Council of Unit Owners, or (c) if to a Mortgagee, to the address provided by the Mortgagee to the Council of Unit Owners. If delivery of any notice as provided in this Section is refused, the date of such refusal shall be deemed to be the date of delivery.

Section 11.11. Perpetuities. If any of the covenants, conditions, restrictions or other provisions of this Declaration shall be unlawfully void or voidable for violation of the rule against perpetuities, then such provision shall continue only until twenty-one (21) years after the death of the last survivor of the members of the 108th United States Congress as of January 20, 2004.

Section 11.12. Exhibits. All exhibits attached to this Declaration are hereby incorporated into and made a part of this Declaration.

Section 11.13. Excusable Delay. Whenever performance is required of the Council of Unit Owners or one or more Unit Owners (the "Performing Party") under the terms of the Condominium Documents, such Performing Party shall use of commercially reasonable efforts to perform and take all necessary measures in good faith to effect the necessary or required performance; provided, however, that if completion of performance shall be delayed at any time by reason of acts of God, adverse and unusual weather conditions not reasonably anticipated, war, acts of terrorism, civil commotion, riots, strikes, reasonably unforeseeable government action or inaction, damage to work in progress by reason of fire or other casualty, or any reasonably unforeseeable and unavoidable cause beyond reasonable control of the Performing Party, including the default of or delay by another Performing Party in performing its obligations under the Condominium Documents, then the time for performance as herein specified shall be appropriately extended by the amount of the delay actually so caused (an "Excusable Delay"). Notwithstanding the foregoing, lack of funds or causes resulting from lack of funds shall not be deemed to be a cause beyond the control of a Performing Party. The provisions of this Section shall not operate to excuse any Unit Owner from the prompt payment of any monies required by



the Condominium Documents. Any Performing Party claiming an Excusable Delay shall provide the other parties written notice of the Excusable Delay within five (5) business days after the Performing Party obtains actual knowledge of the Excusable Delay event. The notice must describe the Excusable Delay event, the anticipated duration of the Excusable Delay (if known), and actions to be taken by the Performing Party to end the Excusable Delay and minimize its impact (to the extent the same are feasible through the use of commercially reasonable efforts) by the Performing Party.

Section 11.14. Deadlock; Arbitration.

- If, (i) pursuant to the Condominium Documents the unanimous consent or agreement of all of the Unit Owners or of all of the members of the Board of Directors is required (or if pursuant to the Condominium Documents the consent or agreement of two (2) Unit Owners is required to arrive at an unanimous decision), and the same is not forthcoming within thirty (30) days, (a "deadlock"), or (ii) there is any dispute or disagreement by or among any of the Unit Owners and/or the Board of Directors relating to any matters addressed in the Condominium Documents, except matters pertaining to any violation or alleged violation (made in good faith) of the Condominium Documents, the matter will be submitted to binding arbitration in accordance with the provisions of this Section 11.14 unless the Unit Owners and/or the Council of Unit Owners mutually otherwise agree. To the extent that such disputes or disagreements relate to matters pertaining to any violation or alleged violation (made in good faith) of the Condominium Documents, such matters shall be governed by Section 11.3(a) hereof, unless the applicable Unit Owners and/or the Council of Unit Owners mutually agree to arbitrate such matter, in which event the arbitration provisions of this Section 11.14 shall apply. In the event of a deadlock or a dispute or disagreement governed by this Section 11.14, either by the terms hereof or by the mutual agreement of the parties, any party may initiate arbitration to resolve the deadlock, dispute or disagreement by providing written notice of such desire to the affected Unit Owners and/or the members of the Board of Directors, as applicable. The Unit Owners and/or the Board of Directors, as applicable, shall have a period of ten (10) calendar days following the date notice is given to agree on a single arbitrator to resolve the deadlock, dispute or disagreement and if they fail to do so then the arbitrator shall be determined by application to JAMS (or similar alternative dispute resolution services provided by retired or former judges experienced with arbitration, settlement and private judging if JAMS ceases to exist), in which event the arbitration shall be administered by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures (or the arbitration rules and proceedings of such similar dispute resolution service if JAMS ceases to exist). The costs of the arbitration shall be borne as directed by the arbitrator pursuant to the applicable arbitration rules and procedures. The arbitrator shall deliver his decision, in writing, to all parties involved in the deadlock, dispute or disagreement, pursuant to the applicable arbitration rules and procedures. The decision of the arbitrator shall be final and binding on the parties thereto and a judgment on the arbitrator's decision may be entered by any court having jurisdiction.
- (b) Unless the parties to an arbitration otherwise agree, a decision by the arbitrator shall be rendered within the time prescribed by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures. Except in the case of force majeure, the arbitrator's failure to issue a decision within ten (10) days following the expiration of such prescribed time period shall entitle any party to the arbitration to seek any other relief available in equity or law.



Section 11.15, Sub-Condominiums and Unit Subdivision.

- The provisions of this Section shall apply to any separate condominium that may be established with respect to any Unit (a "Sub-Condominium"). established under any Sub-Condominium shall not be deemed a "Unit" under this Condominium (i.e., Rockville Town Square Block 4 Condominium). Unless expressly provided otherwise in the Condominium Documents, neither shall any owner of a unit in a Sub-Condominium, in such capacity, be deemed a "Unit Owner" under this Declaration. All rights and obligations of a Unit Owner under the Condominium Documents with respect to any Unit that is subjected to a Sub-Condominium regime shall be exercised by the council of unit owners of the Sub-Condominium or its designee. No rights and obligations of a Unit Owner under the Condominium Documents for this Condominium shall be exercised by the owner of any unit in a Sub-Condominium, in its capacity as such unit owner. All assessments and other charges of the Condominium applicable to a Unit that has been subjected to a Sub-Condominium regime shall be the obligation of the council of unit owners for such Sub-Condominium. Such council of unit owners shall not withhold nor decrease payment of any assessments or other charges owing to the Condominium because of delinquent or insufficient payment of assessments by the unit owners of the Sub-Condominium or other shortfall in the budget of the Sub-Condominium, or for any other reason. Notwithstanding the foregoing provisions of this Section or any other provisions of the Condominium Documents, the Council of Unit Owners for this Condominium shall have a lien against each unit within any Sub-Condominium for any assessments or other charges owing but not paid to this Condominium by the council of unit owners for the Sub-Condominium. Such lien may be enforced and foreclosed in such manner as may from time to time be provided in the Maryland Condominium Act and the Maryland Contract Lien Act. The Council of Unit Owners, the Board of Directors, and the Condominium Managing Agent may exercise all rights and remedies available under the Condominium Documents and Applicable Law against any unit owner in a Sub-Condominium for (i) non-payment of assessments in the event that the council of unit owners for such Sub-Condominium fails to pay any assessments or other charges owing to this Condominium, or (ii) any violation of the Condominium Documents by such unit owner in a Sub-Condominium.
- In addition to establishing a Sub-Condominium described in Section 11.15(a) above, any Unit Owner may subdivide its Unit into two (2) or more sub-units (such units resulting from such subdivision, excluding the original Unit that is so subdivided, are hereinafter referred to as a "Sub-Unit") provided, however, that notwithstanding such subdivision, (i) the original Unit that is so subdivided shall continue to be treated as a single Unit for purposes of this Declaration, (ii) no Sub-Unit shall be treated as a separate condominium unit under this Declaration or the Maryland Condominium Act nor have any separate rights otherwise provided under the Maryland Condominium Act. (iii) no owner of a Sub-Unit shall be deemed a separate "Unit Owner" under this Declaration, and (iv) no owner of a Sub-Unit shall have any direct exercisable rights under the Condominium Documents. Any and all rights and obligations of an owner of a Sub-Unit, including, but not limited to, any obligation for assessments and other charges allocable to a Unit that has been subdivided, shall be solely in accordance with the specific arrangement by and between the Unit Owner of the Unit that is subdivided and the owner of such Sub-Unit. In addition, it shall be a condition of any subdivision of a Unit that the original Percentage Interest and vote appurtenant to such Unit remain unchanged and shall be allocated between or among the resulting Sub-Units as agreed to by the unanimous consent of

the owners of such Sub-Units and that such subdivision does not have a material and adverse impact on the Condominium or other Unit Owners. Any Unit subdivision shall be subject to the prior consent of the members of the Board of Directors, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, the Board of Directors may attach reasonable conditions to its approval of a Unit subdivision, provided such conditions reasonably relate to any additional expenses, services or other issues associated with the subdivision of a Unit.

Section 11.16. Reasonable Approval or Consent Standard. Except as otherwise specifically provided in this Declaration, where the Board's or any Unit Owner's approval or consent is required under the Condominium Documents, such approval or consent shall be in writing and such party whose approval or consent is required must not unreasonably withhold, delay or condition the rendering of such approval or consent.

Section 11.17. Good Faith and Fair Dealing. Except only in those circumstances where the Board or a Unit Owner is entitled to exercise its rights or perform its obligations under the Condominium Documents in its sole and absolute subjective discretion, in exercising any rights or performing any obligations under the Condominium Documents or in addressing any issues raised by a Unit Owner, the Board and/or the Unit Owners, as applicable, shall exercise such rights, perform such obligations or address such issues raised by a Unit Owner in good faith and in fair dealing.

Section 11.18. Waiver. Waiver of any requirements of the Condominium Documents by any party hereto may only be granted by the waiving party pursuant to a formal written waiver executed by the waiving party. Failure of any party to exercise any right or remedy hereunder shall not impair any of its rights nor be deemed a waiver thereof and no waiver of any of its rights shall be deemed to apply to any other rights, nor shall it be effective unless in writing and signed by the waiving party.

Section 11.19. Definitions. Capitalized terms in this Declaration have the meanings ascribed in Article 1 [Definitions]. All other terms have common meanings unless they are terms of art used in the proper context.

Section 11.20. Time of the Essence. The parties acknowledge and agree that time is of essence in the performance of their respective obligations under the Condominium Documents.

Section 11.21. No Partnership or Joint Venture. It is mutually understood and agreed that nothing contained in the Condominium Documents is intended or shall be construed in any manner or under any circumstances whatsoever as creating or establishing the relationship of copartners or creating or establishing the relationship of a joint venture among any of the Unit Owners.

Section 11.22. Subordination of Declaration. After recordation of this Declaration, the Declarant will record a certain "Declaration of Easement and Maintenance Agreement" against the Property. This Declaration shall be subject and subordinate to the Declaration of Easement and Maintenance Agreement, as may be amended from time to time, with the subordination of this Declaration being self-effectuating.



	its behalf as of this day of	
WITNESS:	THE MAYOR AND COUNC MARYLAND, a municipal coof Maryland	
	By:	
	Print Name:	
	Print Title:	

* * *

STATE OF MARYLAND	*	
COUNTY OF MONTGOMERY	* to wit:	
Notary Public in and for the , known	e jurisdiction to me (or ayor and Council or orized so to do, or	satisfactorily proven) to be the of Rockville, Maryland and that such executed the foregoing and annexed
IN WITNESS WHEREOF, I hereu	into set my hand a	and official seal.
		Notary Public
My Commission Expires:		
[NOTARIAL SEAL]:		
[NOTARIAL SEAL]		
	* * *	
ATTORN	EY CERTIFICA	TION
I HEREBY CERTIFY that this De and that I am an attorney duly licensed to		pared by me or under my supervision, e Court of Appeals of Maryland.
	Ro	oger D. Winston



EXHIBIT A

Legal Description of the Property



EXHIBIT B

Bylaws of the Condominium (Attached)



BYLAWS

OF

ROCKVILLE TOWN SQUARE BLOCK 4 CONDOMINIUM

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Bylaws of

ROCKVILLE TOWN SQUARE BLOCK 4 CONDOMINIUM

ARTICLE 1 GENERAL PROVISIONS

- Section 1.1. The Condominium. The Condominium has been established by subjecting the Property to a condominium regime pursuant to the Maryland Condominium Act. These Bylaws are attached to and made part of the Declaration as Exhibit "B" and are intended by Declarant to set forth, among other things, a plan by which the affairs of the Condominium shall be administered and governed by the Council of Unit Owners and its Board of Directors pursuant to the Maryland Condominium Act and the Condominium Documents.
- Section 1.2. Applicability of Bylaws. These Bylaws are applicable to the Council of Unit Owners. All present and future Unit Owners, lessees, Mortgagees and occupants of Units, or any other persons or entities who may use the Condominium or the facilities of the Condominium in any manner, are subject to the Condominium Documents and the Maryland Condominium Act. The acceptance of a deed of conveyance, articles of transfer, or other means of conveying legal title to a Unit shall constitute an agreement by the grantee that it accepts, ratifies, and will comply with the Condominium Documents.
- Section 1.3. Governing Body. The name of the governing body of the Condominium is the Council of Unit Owners of Rockville Town Square Block 4 Condominium. The powers and duties of the Council of Unit Owners shall generally be exercised by the Board of Directors in accordance with these Bylaws.
- Section 1.4. Office. The initial office of the Condominium, the Council of Unit Owners and the Board of Directors shall be c/o Federal Realty Investment Trust, 1626 East Jefferson Street, Rockville, Maryland 20851-4041 Attention: Legal Department, or at such other place as may be designated from time to time by the Board of Directors.
- Section 1.5. Definitions. Capitalized terms used herein without definition shall have the meanings specified for such terms in the Declaration or, if not defined in the Declaration, the meanings specified for such terms in the Maryland Condominium Act.

ARTICLE 2 COUNCIL OF UNIT OWNERS

Section 2.1. Purpose and Status. The Council of Unit Owners of Rockville Town Square Block 4 Condominium (the "Council of Unit Owners") shall be an unincorporated entity and shall have as its members all of the Unit Owners. For all purposes, the Council of Unit Owners shall act merely as an agent for the Unit Owners as a group. The powers and duties of the Council of Unit Owners shall include, without limitation, establishing the means and



methods of collecting assessments and charges for General Common Expenses and arranging for the management of the Common Elements. Except as to those matters which the Maryland Condominium Act or the Condominium Documents specifically require to be decided by the vote of the members of the Council of Unit Owners, the foregoing responsibilities shall be exercised exclusively by the Board of Directors or, if authorized by the Board of Directors, by the Condominium Managing Agent, as more particularly set forth in Article 3 of these Bylaws.

- Section 2.2. Meetings. Meetings of the Council of Unit Owners shall be held only as determined from time to time by the Board of Directors. The President shall call a special meeting of the Council of Unit Owners if so directed by resolution of the Board of Directors or upon request by a Unit Owner. The notice of any special meeting shall state the time, place and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.
- Section 2.3. Place of Meetings. Meetings of the Council of Unit Owners shall be held at such suitable place reasonably convenient to the Unit Owners as may be designated by the Board of Directors or the President in the notice of the meeting.

Section 2.4. Notice of Meetings.

- (a) The Board of Directors or President shall notify all Unit Owners of any meeting of the Council of Unit Owners at least ten (10) but not more than ninety (90) days prior to such meeting.
- (b) Notice shall be deemed given pursuant to this Section 2.4 and Section 2.5 hereinbelow when it is (i) personally delivered to a Unit Owner, (ii) mailed by certified mail, return receipt requested to a Unit Owner, or (iii) delivered by overnight courier, with delivery confirmed, to the addresses as reflected on the then-current roster of Unit Owners maintained by the Council of Unit Owners. The request that there be prior notice of such meeting may be waived upon the declaration of an emergency by the entity or person calling the meeting provided that a good faith effort to effectuate prior notice has been made. Such notice shall specify the time, date, and place of the meeting, and, in the case of a special meeting, the purpose of the meeting.
- Section 2.5. Quorum and Adjournment of Meetings. Except as may be otherwise provided in these Bylaws, the presence in person or by proxy of all Unit Owners shall be required to constitute a quorum at all meetings of the Council of Unit Owners. If, however, such quorum shall not be present or represented at any meeting, the Unit Owners present at such meeting in person or by proxy may adjourn and recess the meeting and at such adjourned meeting the quorum requirement shall be reduced to Unit Owners representing a majority of the Units, provided (i) a written notice of the adjourned meeting is given to all Unit Owners in the manner specified in Section 2.4 hereinabove at least seven (7) business days prior to the adjourned meeting and (ii) such notice states the reduced quorum requirement for such meeting. A Unit Owner may participate in a meeting by means of a conference telephone call or similar communications equipment by means of which all persons participating in a meeting can speak



to and hear each other at the same time. Participation by such means shall constitute presence in person at the meeting.

Section 2.6. Conduct of Meetings. Unless otherwise designated by the Unit Owners, the President shall preside over meetings of the Council of Unit Owners and the Secretary shall keep the minutes of the meeting and record in a minutes book all resolutions adopted at the meeting, votes taken, and all other transactions occurring at the meeting. The then current edition of Robert's Rules of Order, Newly Revised, shall govern the conduct of all meetings of the Council of Unit Owners when not in conflict with the Maryland Condominium Act or the Condominium Documents.

Section 2.7. Voting.

- (a) Voting at all meetings of the Council of Unit Owners or for any other purposes shall be based upon one (1) vote per Unit.
- (b) Except as otherwise expressly provided in the Condominium Documents, a unanimous vote of all Unit Owners is required to adopt decisions at any meeting of the Council of Unit Owners. Further, whenever the Condominium Documents provide that any action or decision of the Board of Directors requires the consent of all members of the Board of Directors, such action or decision shall likewise require the unanimous consent of all Unit Owners to the extent such action or decision is undertaken by the Council of Unit Owners, except as otherwise set forth in Section 11.3 of the Declaration.
- (c) No Unit Owner may vote at any meeting of the Council of Unit Owners or have the director appointed by it participate on the Board of Directors or as an Officer of the Council of Unit Owners if the Unit Owner remains more than sixty (60) days delinquent in the payment of bona fide financial obligations to the Council of Unit Owners; provided, however, that such Unit Owner has been provided a notice of such delinquency and an opportunity to cure the same in accordance with Section 7.2(c)(ii) of these Bylaws.
- Section 2.8. Proxies. A vote by a Unit Owner at a meeting of the Council of Unit Owners may be cast in person or by proxy. All proxies shall conform with Applicable Law (including laws applicable to documents conveyed by electronic transmission) and shall be duly executed in writing, dated, signed by a duly authorized person on behalf of the Unit Owner granting the proxy (but need not be sealed, witnessed or acknowledged), and shall be filed and verified by the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance of fee title of a Unit by its Unit Owner. Unless otherwise provided in the proxy, no proxy shall be valid after six (6) months from its date. A copy, facsimile transmission, or other reproduction of the writing or transmission may be substituted for the original writing or transmission for any purpose for which the original transmission could be used.



ARTICLE 3 BOARD OF DIRECTORS

- Section 3.1. Powers and Duties. The Board of Directors shall have, by delegation, those powers and duties given to the Council of Unit Owners pursuant to the Maryland Condominium Act except for those powers and duties that under the Maryland Condominium Act or the Condominium Documents are expressly required to be exercised and done by or delegated to or reserved for the Council of Unit Owners. If all members of the Board of Directors shall resign or if the Board of Directors shall otherwise cease to exist or function, all powers and authority of the Board of Directors shall revert to the Council of Unit Owners, exercisable by the individual Unit Owners. In addition to the duties imposed by these Bylaws or by any resolution of the Board of Directors that may hereafter be adopted, the Board shall on behalf of the Council of Unit Owners:
- (a) Prepare and adopt an annual budget, including the assessments of each Unit Owner for General Common Expenses, in accordance with Section 5.1 of these Bylaws and for Alternative Percentage Allocations and Special Maintenance Expenses in accordance with Section 3.8 of the Declaration.
- (b) Assess Unit Owners to defray the costs and expenses related to the maintenance and operation of the Common Elements and other portions of the Condominium for which the Council of Unit Owners is responsible and establish the means and methods of collecting such assessments from the Unit Owners and the period of the installment payment of the Annual Assessment for General Common Expenses in accordance with Section 5.1 of these Bylaws and in accordance with Section 3.8 of the Declaration regarding Alternative Percentage Allocations and Special Maintenance Expenses.
- (c) Provide for the operation, care, repair, upkeep, replacement and maintenance of the Common Elements and any other portion of the Condominium for which the Council of Unit Owners is responsible, including any additions, alterations, renovations, restorations, replacements or improvements to the Common Elements or to any other portion of the Condominium for which the Council of Unit Owners is responsible.
- (d) Designate, hire and dismiss the personnel necessary for the operation, care, repair, upkeep, replacement and maintenance of the Common Elements and for any other portion of the Condominium for which the Council of Unit Owners is responsible and, where appropriate, provide for the compensation of such personnel and for the purchase or lease of equipment, supplies and material to be used by such personnel in the performance of their duties.
- (e) Collect Annual Assessments and Special Maintenance Expenses from the Unit Owners, deposit the proceeds thereof in interest bearing bank depositories designated by the Board of Directors and use the proceeds to carry out the administration of the Condominium.



- (f) Adopt and amend Rules; *provided, however,* that such Rules (i) shall not be in conflict with the Maryland Condominium Act or the Condominium Documents and (ii) are promulgated in accordance with Section 4.1 of the Declaration.
- (g) Open bank accounts on behalf of the Council of Unit Owners and designate the signatories thereon.
- (h) Enforce by legal means the provisions of the Declaration, these Bylaws and the Rules (which Declaration, Bylaws and Rules shall be enforced in a uniform and non-discriminatory manner), act on behalf of the Unit Owners with respect to all matters arising out of any condemnation or eminent domain proceeding affecting the Common Elements, and notify the Unit Owners of any litigation (or threat of litigation), arbitration or mediation against the Council of Unit Owners.
- (i) Obtain and carry insurance against casualties and liabilities, pay when due the premiums for any such insurance and adjust and settle any claims under such insurance policies, all in accordance with the requirements of the Condominium Documents.
- (j) Pay the cost of all services approved by the Board of Directors that are rendered to or on behalf of the Council of Unit Owners and not billed to individual Unit Owners or otherwise provided for in Sections 5.1 and 5.2 of these Bylaws.
- (k) In accordance with the Maryland Condominium Act, keep books and records with detailed accounts in chronological order of the receipts and expenditures affecting the Common Elements, and the administration of the Common Elements, specifying the expenses of maintenance, repair and replacement of the Common Elements and any other expenses incurred that are the responsibility of the Council of Unit Owners. Such books, accounts, records and vouchers accrediting the entries therein shall be available for examination by the Unit Owners, their attorneys, accountants, Mortgagees and authorized agents during normal business hours on business days at the times and in the manner reasonably established by the Board of Directors. All books and records shall be kept in a manner verifiable upon an audit. Such books and records shall be subjected to an audit within one hundred twenty (120) days after the close of the prior fiscal year by a qualified independent auditor retained by the Board of Directors who shall not be a resident of the Condominium or a Unit Owner or a tenant, employee or agent of or otherwise affiliated with a Unit Owner. The cost of such audit shall be a General Common Expense. Upon written request, such audit shall be made available to any Mortgagee. In addition to the annual audit provided for above, any Unit Owner may, from time to time and at such Unit Owner's expense, undertake an audit of the books and records of the Council of Unit Owners after reasonable notice to the Board. The Board, on behalf of the Council of Unit Owners, shall also keep current copies (in print or electronic format) of the Declaration, these Bylaws, the Rules, and books and records available for examination during normal business hours by the Unit Owners, their attorneys, accountants, Mortgagees and authorized agents. Any party provided access to the audit or books and records of the Council of Unit Owners shall be obligated to keep such information confidential, unless otherwise agreed by the Board of



Directors or unless otherwise required by Applicable Law. With respect to any such information obtained by the Declarant, and to the extent permitted by Section 10-617 of the State Government Article of the Annotated Code of Maryland, the Declarant shall keep such information confidential and shall deny inspection of the same as materials containing trade secrets confidential commercial information or confidential financial information.

- (l) If requested by a Mortgagee, notify such Mortgagee of a Unit of any material default under the Condominium Documents by the Unit Owner of such Unit if such default continues for more than fifteen (15) days after written notice to the defaulting Unit Owner of such default, and provide the Mortgagee with a reasonable opportunity to cure such default. Any Mortgagee desiring such Notice and right to cure shall be required to provide the Council of Unit Owners with an address for such notification.
- (m) Borrow money on behalf of the Condominium when required in connection with the operation, care, upkeep, repair, replacement, and maintenance of the Common Elements and other areas of the Condominium for which the Council of Unit Owners is responsible. To the extent reasonably achievable, the applicable loan documents shall provide that if any sum borrowed by the Board of Directors on behalf of the Condominium pursuant to the authority contained in this subsection (m) is not repaid by the Council of Unit Owners, a Unit Owner who pays to the creditor a percentage of the total amount due equal to such Unit Owner's Percentage Interest in the Condominium shall be entitled to obtain from the creditor a release in recordable form of any judgment or other lien that such creditor shall have filed or shall have the right to file against such Unit Owner's Unit, and the Council of Unit Owners shall not be entitled to assess the Unit for payment of any remaining amount due such creditor.
- (n) Grant and accept easements and licenses through or over the General Common Elements in accordance with Section 11-125 of the Maryland Condominium Act.
- (o) Sue and be sued, complain and defend, settle claims or intervene in litigation, administrative proceedings, arbitration, mediation or any other form of action or suit on behalf of the Council of Unit Owners.
- (p) Exercise for the Council of Unit Owners all other powers, duties and authority vested in or delegated to the Council of Unit Owners pursuant to the Maryland Condominium Act and the Condominium Documents, unless expressly required to be exercised solely by the Council of Unit Owners.
- Section 3.2. Number of Directors; Unanimous Action; Interests of Units. There shall be three (3) members of the Board of Directors. One (1) Director shall be appointed by the Commercial Unit Owner, one (1) Director shall be appointed by the Residential Unit Owner and one (1) Director shall be appointed by the Parking Unit Owner. Except as may be otherwise expressly provided in the Condominium Documents, all actions by the Board of Directors shall require the unanimous consent of all Directors. In the event of the subdivision of a Unit in accordance with Section 11-107(d) of the Maryland Condominium Act (and subject to the terms and requirements of Section 11.15 of the Declaration), there shall be no increase in the number of



Directors and the majority consent of the owners of the subdivided Unit shall be required for the appointment of the Director that would have been appointed by the Unit Owner but for the subdivision. In considering matters that affect solely the interest of any particular Unit and subject to comply with and carrying out the fiduciary obligations of the Board of Directors, the Board of Directors shall provide reasonable deference to the position of the member of the Board of Directors representing such Unit.

- Section 3.3. Qualification of Directors. No Unit Owner or any person affiliated with a Unit Owner shall be appointed as a Director or continue to serve as a Director if the Unit Owner remains more than sixty (60) days delinquent in the payment of bona fide financial obligations to the Council of Unit Owners provided; however, that such Unit Owner has been provided notice of such delinquency and an opportunity to cure such delinquency in accordance with Section 7.2(c)(ii) of these Bylaws.
- Section 3.4. Term, Removal or Resignation of Directors. A Director shall serve until such Director's death, incapacity, removal or resignation. Any Director may be removed at any time, with or without cause, upon written notification to the Council of Unit Owners by the Unit Owner that appointed such Director. A Director may resign at any time by giving written notice to the President or Secretary. Resignation of a Director is effective when delivered to the President or Secretary or at such later time specified in the notice.
- Section 3.5. Vacancies. Vacancies on the Board of Directors shall be filled by the Unit Owner entitled to appoint the replacement Director. Such Unit Owner shall provide the Council of Unit Owner with written notice of any newly appointed Director.

Section 3.6. Meetings of Directors.

- (a) Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Board of Directors, but not less than once per year unless otherwise agreed to by the consent of all Directors.
- (b) Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) business days confirmed notice to each Director, given personally or by mail, facsimile or telephone, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary in like manner and with like notice upon the written request of any member of the Board of Directors. Such notice may be waived upon the declaration of an emergency by the entity or person calling the meeting provided that a good faith effort to effectuate notice has been made.
- (c) **Notice**. All regular meetings of the Board of Directors or any committee established by the Board of Directors shall be held only upon regularly scheduled and established dates or periods at such time and place as shall have been made known to all Directors and all Unit Owners, or upon not less than ten (10) days notice to the Directors and not less than ten (10)



days nor more than ninety (90) days notice to the Directors and the Unit Owners. Notices to Unit Owners shall be sent in accordance with Section 2.4(b) of these Bylaws.

- (d) Waiver of Notice. Any Director may at any time, in writing, waive notice of any meeting of the Board of Directors, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director, in person or by a conference telephone call (or similar communications equipment by means of which all persons participating in a meeting can speak to and hear each other at the same time), at any meeting of the Board of Directors, shall constitute a waiver of notice by such Director of the time, place and purpose of such meeting. If all Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.
- (e) Quorum of Board of Directors. At all meetings of the Board of Directors, attendance by all of the Directors shall be required to constitute a quorum for the transaction of business. If at any meeting of the Board of Directors there shall be less than a quorum present, a majority of those present may adjourn or recess the meeting from time to time and at any such adjourned meeting the quorum requirement shall be reduced to a majority of the Directors, provided (i) a written notice in accordance with Section 3.6(c) of the Bylaws, of the adjourned meeting is given to all Directors at least seven (7) business days prior to the adjourned meeting and (ii) such notice states the reduced quorum requirement for such meeting. A Director may participate in a meeting by means of conference telephone call (or similar communications equipment by means of which all persons participating in a meeting can speak to and hear each other at the same time). Participation by such means shall constitute presence in person at the meeting.
- Section 3.7. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors and the Secretary shall keep the minutes of the meeting and keep a record of all resolutions adopted at the meeting and all transactions and proceedings occurring at the meetings. The then current edition of Robert's Rules of Order, Newly Revised, shall govern the conduct of the meetings of the Board of Directors when not in conflict with the Maryland Condominium Act or the Condominium Documents.
- Section 3.8. Compensation. No Director shall receive any compensation from the Condominium for acting as such. Reimbursement of actual and reasonable third-party out-of-pocket expenses incurred by Directors on behalf of the Council of Unit Owners shall be permissible.
- Section 3.9. Board of Directors as Agent. Except as otherwise provided in the Condominium Documents or the Maryland Condominium Act, the Board of Directors shall have the power to act as agent for the Unit Owners of all of the Units and for each of them to manage, control and deal with the interests of such Unit Owners in the Common Elements of the Condominium to permit the Board of Directors to fulfill all of its powers, obligations, rights, functions and duties. With the consent of all Directors, the Board of Directors shall have the power to act as agent for each Unit Owner, each Mortgagee, other named insureds and their



beneficiaries and any other holder of a lien or other interest in the Condominium or the Property to: (a) adjust and settle all claims arising under insurance policies purchased by the Board of Directors pursuant to the Declaration, (b) execute and deliver releases upon the payment of claims, and (c) act on their behalf in any condemnation proceeding or action of eminent domain pursuant to Section 11-112 of the Maryland Condominium Act insofar as the same relates to the Common Elements; provided, however, that the consent of each Mortgagee of an affected Unit shall be required with respect to such condemnation proceeding or action of eminent domain.

Section 3.10. Liability of the Board of Directors, Officers, Committee Members; Indemnification; Defense of Claims.

- (a) The Directors, Officers, and committee members shall not be liable to the Unit Owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct, gross negligence or willful breach of fiduciary duty.
- (b) The Directors, Officers, and committee members shall not be liable for the failure of any service to be obtained by the Board of Directors and paid for by the Council of Unit Owners, or for death or injury to persons or damage to property caused by the elements or by another Unit Owner or person on the Property, or resulting from electricity, gas, water, rain, dust, or sand that may leak or flow from the outside or from any part of the Property or from any other cause beyond their control, unless in each such instance such injury or damage has been caused by the Directors', Officers', or committee members' own individual willful misconduct or gross negligence.
- (c) The Directors, Officers, and committee members shall have no personal liability to a Unit Owner or any other person or entity under any agreement, check, contract, deed, lease, Mortgage, instrument, or transaction entered into by them on behalf of the Board of Directors or the Council of Unit Owners in the performance of their official duties.
- (d) The Directors, Officers, and committee members shall not be liable to a Unit Owner or its tenants, employees, agents, guests, customers or invitees for loss or damage caused by theft or misuse of or damage to personal property left by any Unit Owner or its tenants, employees, agents, guests, customers or invitees in a Unit or in or on the Common Elements, except for any Director's, Officer's, or committee member's own individual willful misconduct or gross negligence.
- (e) The Directors, Officers, and committee members shall have no personal liability to any Unit Owner or any other person or entity, direct or imputed, by virtue of acts performed by or for them in their respective capacities as Directors, Officers or committee members, except for any Director's, Officer's, or committee member's own individual willful misconduct or gross negligence in the performance of their official duties.
- (f) The Directors, Officers, and committee members shall have no personal liability arising out of the use, misuse, or condition of any buildings or other improvements located on the Property, or which might in any other way be assessed against or imputed to the



Directors, Officers, or committee members as a result of or by virtue of the performance of their duties, except for any Director's, Officer's, or committee member's own individual willful misconduct, gross negligence, or willful breach of fiduciary duty.

- To the maximum extent permitted by Applicable Law, the Council of Unit Owners shall indemnify each such Director, Officer, or committee member in such capacity against all expenses and liabilities, including court costs and reasonable attorneys' fees, reasonably incurred by or imposed upon that person in connection with any proceeding in which that person may become involved by reason of being or having been a Director, Officer, or committee member, or any settlement of any such proceeding, whether or not that person is a Director, Officer, or committee member, or any combination thereof, at the time such expenses are incurred, except in such cases where the Director, Officer, or committee member is adjudged guilty of willful misconduct, gross negligence or willful breach of fiduciary duty in the performance of that person's official duties; provided, however, that (i) in the event of a settlement, this indemnification shall apply only if and when the Board of Directors (with the affected person abstaining if he or she is then a Director) approves such settlement and reimbursement as being in the best interests of the Council of Unit Owners, and (ii) such indemnification with respect to any criminal action or proceeding is permitted only if such Director, Officer, or committee member had no reasonable cause or basis to believe his or her conduct was unlawful. Such right of indemnification shall not be deemed exclusive of any of the rights to which such Director, Officer, or committee member may be entitled as a matter of law or agreement or by vote of the Unit Owners or otherwise.
- (h) Complaints brought against the Council of Unit Owners, Directors, Officers, committee members, or employees or agents thereof in their respective capacities as such, or the Condominium as a whole, shall be directed to the Board of Directors, which shall promptly give written notice thereof to Unit Owners and such complaints shall be defended by the Council of Unit Owners. The Unit Owners and their respective Mortgagees shall have no right to participate in such defense other than through the Council of Unit Owners, unless such Unit Owner or Mortgagee is named as a defendant in such action. Complaints against one or more but less than all Unit Owners shall be defended by such Unit Owners themselves and, if the complaint relates to the Condominium, such Unit Owners shall promptly give written notice of the institution of any such suit to the Council of Unit Owners.
- (i) No diminution or abatement of any Condominium assessments shall be claimed or allowed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Elements or from any action taken by the Council of Unit Owners or Board of Directors to comply with any Applicable Law or Condominium Document.

Section 3.11. Common or Interested Directors.

(a) Each Director shall exercise such Director's powers and duties in good faith and with a view to the best interests of the Condominium. A contract or other transaction between the Council of Unit Owners and any of its Directors, or between the Council of Unit



Owners and any corporation, firm, association, or other entity (including Federal Realty Investment Trust or any of its affiliates) for which any of the Directors of the Council of Unit Owners are directors or officers or have a pecuniary or other interest, is neither void nor voidable because any such Director is present at the meeting of the Board of Directors or any committee of the Board that authorizes or approves the contract or transaction, or because such Director's vote is counted for such purpose, so long as any of the conditions specified in any of the following subsections exist:

- (i) The fact of the common directorate or interest is disclosed or known to the Board of Directors or noted in the minutes, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or
- (ii) The fact of the common directorate or interest is disclosed or known to at least a majority of the Unit Owners, and the Unit Owners approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or
- (iii) Regardless of disclosure to all or any of the Unit Owners, the contract or transaction is commercially reasonable to the Council of Unit Owners at the time it is authorized, ratified, approved or executed.
- (b) Any common or interested Directors may be counted in determining the presence of a quorum of any meeting of the Board of Directors or committee of the Board that authorizes, approves or ratifies any contract or transaction, and may vote at the meeting to authorize any contract or transaction with like force and effect as if such Director were not an officer or director of such other corporation, firm or Council of Unit Owners or not so interested.
- Section 3.12. Condominium Managing Agent. The Board of Directors may select, retain and terminate the services of the Condominium Managing Agent. The initial Condominium Managing Agent shall be Federal Realty Investment Trust or any of its affiliates. Until such time as the Board of Directors shall terminate its services (or until Federal Realty Investment Trust or its affiliate resigns as Condominium Managing Agent), Federal Realty Investment Trust, or any affiliate thereof, shall be employed by the Board of Directors as the Condominium Managing Agent. Any management fee paid to the Condominium Managing Agent shall not exceed the fee charged for similar services provided by management companies for comparable facilities in the Washington, D.C. metropolitan area. Any Condominium Managing Agent employed by the Board of Directors shall have a sound reputation in the property management industry and shall be experienced in the management of mixed-use condominium projects in the Washington, D.C. metropolitan area similar to the Condominium. The Washington, D.C. metropolitan area includes Montgomery County, Maryland. For purposes of this Section 3.12, an affiliate of a party is any person or legal entity that owns, controls, is controlled by, or is under common control with such party.
- (a) **Duties**. The Condominium Managing Agent shall perform such duties and services, as the Board of Directors shall direct from time to time.

- (i) Such duties and services may include, without limitation, the duties listed in the following Sections of these Bylaws:
 - Section 3.1(a) [prepare an Annual Budget; provided however, that the Condominium Managing Agent shall not adopt the Annual Budget]
 - Section 3.1(c) [provide for the operation, care, repair, upkeep, replacement and maintenance of the Common Elements]
 - Section 3.1(d) [designate, hire and dismiss personnel necessary for the operation, care, repair, upkeep, replacement and maintenance of the Common Elements]
 - Section 3.1(e) [collect Annual Assessments and Special Maintenance Expenses]
 - Section 3.1(i) [obtain and carry insurance against causalities and liabilities]
 - Section 3.1(j) [pay the cost of all services approved by the Board of Directors]
 - Section 3.1(k) [keep detailed accounts, books and records]
 - Section 3.1(l) [notify a Mortgagee of a material default under the Condominium Documents by a Unit Owner]
 - Section 3.1(p) [exercise for the Council of Unit Owners all powers and duties vested in or delegated to the Council of Unit Owners pursuant to the Maryland Condominium Act and the Condominium Documents]
- (ii) The Board of Directors may delegate to the Condominium Managing Agent all of the powers granted to the Board of Directors under these Bylaws other than the powers set forth in the following Sections of these Bylaws:
 - Section 3.1(b) [assess Unit Owners to defray the costs and expenses related to the maintenance and operation of the Common Elements]
 - Section 3.1(f) [adopt and amend Rules]
 - Section 3.1(g) [open bank accounts on behalf of the Council of Unit Owners]
 - Section 3.1(h) [enforce by the legal means the provisions of the Declaration, Bylaws or the Rules]
 - Section 3.1(m) [borrow money on behalf of the Condominium]



- Section 3.1 (n) [grant and accept easements and licenses through or over the General Common Elements]
- Section 3.1(o) [sue and be sued, complain and defend, settle claims or intervene in litigation, administrative proceedings or arbitration on behalf of the Council of Unit Owners]
- (iii) The Condominium Managing Agent shall perform the obligations, duties and services delegated to it by the Board of Directors in compliance with the provisions of these Bylaws and the other Condominium Documents.
- (b) Standards. The Board of Directors shall impose appropriate standards of performance upon the Condominium Managing Agent. Unless the Condominium Managing Agent is instructed otherwise by the Board of Directors:
 - (i) an accrual method of accounting shall be employed;
- (ii) two (2) or more persons shall be responsible for handling cash to maintain adequate financial control procedures;
- (iii) cash accounts of the Council of Unit Owners shall not be commingled with any other entity's accounts;
- (iv) no remuneration shall be accepted by the Condominium Managing Agent from vendors, independent contractors or others providing goods or services to the Council of Unit Owners whether in the form of commissions, finder's fees, gifts, service fees or otherwise; any discounts received shall benefit the Council of Unit Owners;
- (v) any financial or other interest that the Condominium Managing Agent may have in any person or entity providing goods or services to the Council of Unit Owners shall be disclosed promptly to the Board of Directors;
- (vi) errors and omissions insurance and fidelity bonds in amounts declared adequate by the Board of Directors shall be maintained by the Condominium Managing Agent for the benefit of the Council of Unit Owners; and
- (vii) a monthly financial report (or other period authorized by the Board of Directors) shall be prepared for the Council of Unit Owners, and distributed to the Board of Directors.
- Section 3.13. Committees. The Board of Directors may appoint such committees as it deems appropriate in carrying out the Board's purposes.



ARTICLE 4 OFFICERS OF THE COUNCIL OF UNIT OWNERS

- Section 4.1. Enumeration of Officers. The Officers of the Council of Unit Owners shall be a President, a Vice President, a Secretary, and a Treasurer, and such other Officers as the Board may from time to time by resolution create, all of which Officers are to be elected by the Board of Directors. The President and the Vice President shall at all times be members of the Board of Directors; the other Officers may, but need not, be members of the Board of Directors.
- Section 4.2. Election of Officers. The election of Officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Council of Unit Owners, provided that the initial Board of Directors shall elect the first group of Officers at its first organizational meeting.
- **Section 4.3.** Term. Each Officer of the Council of Unit Owners shall be elected annually by the Board and each Officer shall hold office for one (1) year or until his or her successor is duly elected and qualified, unless he or she shall sooner resign, die, or become incapacitated or shall be removed, or otherwise disqualified to serve.
- Section 4.4. Alternating Selection of President. The President shall at all times be a Director. Each year, the office of President shall alternate among a Director appointed by the Unit Owner of the Residential Unit, the Director appointed by the Unit Owner of the Commercial Unit and the Director appointed by the Unit Owner of the Parking Unit. The first President shall be a Director appointed by the Unit Owner of the Residential Unit.
- Section 4.5. Special Appointments. The Board may elect such other Officers as the affairs of the Council of Unit Owners may require, each of whom shall hold office for such period, have such authority, and perform such duties and obligations as the Board may from time to time determine.
- Section 4.6. Resignation and Removal. Any Officer may be removed from office with or without cause by the Board. Any Officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. The acceptance of a resignation shall not be required to make it effective
- **Section 4.7.** Vacancies. A vacancy in any office may be filled by appointment by the Board. The Officer appointed to such vacancy shall serve for the remainder of the term of the Officer he or she replaces.
- Section 4.8. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person and the offices of Vice President and assistant secretary may be held by the same person, but in no event shall the same Officer execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by Applicable Law or the Condominium Documents to be executed, acknowledged or verified by two (2) or more Officers. No person



shall simultaneously hold more than one (1) of any of the other offices except in the case of special offices created pursuant to Section 4.5 of these Bylaws [Special Appointments] and except as otherwise provided in this Section 4.8.

- Section 4.9. Duties. Each Officer shall perform such duties as are normally associated with such office in parliamentary organizations, unless inconsistent with the Maryland Condominium Act or the Condominium Documents, and shall perform such other duties as may be assigned to such office by resolution of the Board of Directors. The duties of the Officers include the following (any of which, that are solely of a ministerial nature, may be assigned, in whole or in part, by the Board of Directors to the Condominium Managing Agent):
- (a) *President*: The President shall be the chief executive officer of the Council of Unit Owners and shall preside at all meetings of Council of Unit Owners and the Board of Directors. The President shall see that orders and resolutions of the Board of Directors are carried out and may sign and execute, on behalf of the Board of Directors, all authorized instruments and shall co-sign all checks and promissory notes authorized by the Board of Directors. The President shall perform such other duties as are from time to time assigned to the President by the Board of Directors.
- (b) *Vice President*: The Vice President, at the request of the President, or in the absence of the President or during the President's inability or refusal to act, shall perform the duties and exercise the functions of the President, and when so acting shall have the powers of the President. The Vice President shall have such other powers and perform such other duties as are from time to time assigned to the Vice President by the Board of Directors or the President.
- (c) Secretary: The Secretary shall keep the minutes of the meetings and proceedings of the Council of Unit Owners and the Board of Directors and of any subcommittees thereto. The Secretary (i) shall see that all notices by the Council of Unit Owners or President are duly given in accordance with the provisions of these Bylaws or as required by Applicable Laws; (ii) shall be custodian of the records of the Council of Unit Owners; (iii) may witness any document on behalf of the Council of Unit Owners, the execution of which is duly authorized; and (iv) shall perform all such other duties as are from time to time assigned to the Secretary by the Board of Directors or the President.
- (d) Treasurer: The Treasurer (i) shall receive and deposit in appropriate bank accounts all moneys of the Council of Unit Owners and shall disburse such funds as directed by resolution of the Board of Directors; (ii) shall co-sign all checks and promissory notes authorized by the Board of Directors; (iii) shall keep proper books of account of the Board of Directors and the Council of Unit Owners; (iv) shall cause to be prepared an annual statement of income and expenditures for the Council of Unit Owners to be presented to the Board of Directors; and (v) shall perform such other duties as are from time to time assigned to the Treasurer by the Board of Directors or the President. Unless the Board of Directors designates another officer, the Treasurer shall be the Chief Financial Officer of the Council of Unit Owners.



Section 4.10. Compensation. No Officer shall receive compensation for any service rendered to the Council of Unit Owners. However, any Officer may be reimbursed for actual out of pocket expenses incurred in the performance of such Officer's official duties.

Section 4.11. Execution of Documents. Unless otherwise provided in a resolution of the Board of Directors: (i) all agreements, contracts, deeds, leases, checks and other instruments of the Council of Unit Owners for expenditures or obligations in excess of Two Thousand Dollars (\$2,000.00), and all checks drawn upon reserve accounts, shall be executed by any two (2) persons designated by the Board of Directors; and (ii) all such instruments for expenditures or obligations of Two Thousand Dollars (\$2,000.00) or less, except from reserve accounts, may be executed by any one (1) person designated by the Board of Directors. Subject to the foregoing, the Condominium Managing Agent may be one of the parties designated by the Board of Directors to sign checks. Any Officer of the Council of Unit Owners may be designated by Board resolution to sign Resale Certificates on behalf of the Council of Unit Owners. Any Officer may also be designated by Board resolution to sign any amendment to subdivide a Unit or relocate boundaries between Units on behalf of the Council of Unit Owners or at the request of a Unit Owner, pursuant to Section 11-107(d) of the Act.

ARTICLE 5 OPERATION OF THE CONDOMINIUM

Section 5.1. Determination of General Common Expenses and Assessments Against Unit Owners.

(a) **Fiscal Year**. The fiscal year of the Council of Unit Owners shall be July 1 through June 30 unless otherwise determined by the Board of Directors.

(b) Preparation and Approval of Budget.

- (i) At least forty-five (45) days before the beginning of each fiscal year, the Board of Directors shall cause to be prepared and submitted to the Unit Owners a proposed budget for the next fiscal year of the Council of Unit Owners. The budget shall contain an estimate of the total amount considered necessary to pay the cost of maintenance, management, operation, repair and replacement of the Common Elements and those parts of the Condominium that are the responsibility of the Council of Unit Owners to maintain, repair and replace pursuant to the Condominium Documents. The Council of Unit Owners may also enter into agreements with a Unit Owner to maintain certain components or portions of the Unit of such Unit Owner; the costs for such maintenance shall not be a General Common Expense but shall be assessed to such Unit Owner.
- (ii) The budget may also include such reasonable amounts as the Board of Directors considers necessary to provide working capital, a general operating reserve and reserves for replacements with respect to the Common Elements and other parts of the Condominium for which the Council of Unit Owners is responsible pursuant to the Condominium Documents. At least fifteen (15) days before the beginning of each fiscal year, the



Board of Directors shall adopt the budget at a meeting of the Board of Directors and shall thereafter provide each Unit Owner a copy of the budget in a reasonably itemized form that sets forth the amount of the General Common Expenses, Special Maintenance Expenses and any Special Assessment payable by each Unit Owner.

- (c) Assessment and Payment of General Common Expenses. Except to the extent otherwise provided in the Condominium Documents, the total amount of the estimated funds required from assessments for the maintenance, management, operation, repair and replacement of the Common Elements and any other property for which the Council of Unit Owners is responsible pursuant to the Condominium Documents shall be assessed against each Unit Owner in proportion to such Unit Owner's respective Percentage Interest and shall be due and payable monthly. Any expenses incurred by the Council of Unit Owners at the request of a Unit Owner directly related to the maintenance, management, operation, repair and replacement of such Unit Owner's Unit shall be assessed against the Owner of such Unit or a lien recorded or filed against such Owner's Unit. Within ninety (90) days after the end of each fiscal year, the Board of Directors shall supply to all Unit Owners, and to each Mortgagee requesting the same, an itemized accounting of the General Common Expenses for such fiscal year actually incurred and paid, together with a tabulation of the amounts collected pursuant to the budget adopted by the Board of Directors for such fiscal year, and showing the net amount over or short of the Any payments for General Common Expenses actual expenditures plus any reserves. accumulated in excess of the amount required for actual General Common Expenses and reserves (if any) shall, at the discretion of the Board of Directors, (i) be placed in any reserve accounts, (ii) be placed in a special account to be expended solely for the general welfare of the Unit Owners, (iii) be credited according to each Unit Owner's Percentage Interest to the next periodic installments due from Unit Owners under the current fiscal year's budget, until exhausted, or (iv) distributed to the Unit Owners according to each Unit Owner's Percentage Interest. Any net shortage in General Common Expenses shall be assessed promptly against the Unit Owners in accordance with their respective Percentage Interests and may be payable in a lump sum or in installments as the Board may determine, subject to Section 5.1(d) below.
- Alternative Percentage Allocation. The Board may also allocate an Alternative Percentage Allocation for the Special Maintenance Expenses associated with the operation, maintenance, repair and replacement of certain portions of the Property, including, but not limited to those described on Exhibit E to the Declaration, Reserved General Common Elements or as otherwise determined by the Board of Directors. The total amount of the estimated funds required from assessments for the operation, maintenance, repair and replacement of the Limited Common Elements and Special Maintenance Items described on Exhibit E to the Declaration for which the Council of Unit Owners is responsible pursuant to the Condominium Documents shall be assessed against each Unit Owner in proportion to such Unit Owner's respective Alternative Percentage Allocation and shall be due and payable monthly in accordance with Section 5.1(c), above, or shall be a direct Special Maintenance Expense borne by the Unit Owner(s) who has/have been designated a beneficial interest in such Special Maintenance Item in accordance with its Alternative Percentage Allocation or as otherwise determined by the Board of Directors. Any payments for Special Maintenance Expenses



accumulated in excess of the amount required for actual Special Maintenance Expenses and reserves (if any) shall, at the discretion of the Board of Directors, (i) be placed in Special Maintenance Expenses reserve accounts for designated Limited Common Elements and Special Maintenance Items, (ii) be credited according to each Unit Owner's applicable Alternative Percentage Allocation to the next periodic installments due from Unit Owners under the current fiscal year's budget, until exhausted, or (iii) distributed to the Unit Owners according to each Unit Owner's applicable Alternative Percentage Allocation. Any net shortage in Special Maintenance Expenses shall be assessed promptly against the Unit Owners in accordance with their respective Alternative Percentage Allocations and may be payable in a lump sum or in installments as the Board may determine.

- Reserves. The Board of Directors may, in its sole discretion, build up and (e) maintain reserves for operations (including losses due to insurance deductibles) and replacements as the same are associated with the Common Elements or other property required to be maintained by the Council of Unit Owners pursuant to the Condominium Documents. Extraordinary expenditures associated with the Common Elements or other property required to be maintained by the Council of Unit Owners not originally included in the annual budget that may become necessary during the year shall be charged first against such operating reserves, if any, unless sufficient funds to meet such expenditures are in the operating account. Except for normal maintenance expenses shown in the annual operating budget, all expenses for replacement of physical assets maintained by the Council of Unit Owners shall be charged first against such replacement reserves, if any. Unless otherwise determined by a vote of all of the Directors, any amount held as reserves shall not substantially exceed the amount reasonably required to assure the Council of Unit Owner's ability to replace components as they reach the end of their useful lives. If regular maintenance extends the useful life of components so that reserves are excessive, any excess amount shall be adjusted by reallocation to other budget items or by distribution to the Unit Owners according to each Unit Owner's Percentage Interest and/or Alternative Percentage Allocation, as applicable as the Board of Directors may determine.
- (f) Effect of Failure to Prepare or Adopt Budget. The failure or delay of the Board of Directors to prepare or adopt a budget for any fiscal year shall not constitute a waiver or release in any manner of a Unit Owner's obligation to pay its allocable share of the Condominium assessments whenever the same shall be determined. In the absence of any annual budget or adjusted budget, each Unit Owner shall continue to pay Condominium assessments at the rate established for the previous fiscal year until a new annual or adjusted budget is adopted.
- (g) Accounts. All sums collected by the Council of Unit Owners for Condominium assessments or from any other source may be commingled into a single fund or account.
- Section 5.2. Payment of Condominium Assessments. Each Unit Owner shall pay assessments determined by the Board of Directors pursuant to the provisions of Section 5.1 above. No Unit Owner may be exempted from liability for such assessments by reason of waiver of the use or enjoyment of any of the General Common Elements or by abandonment of its Unit.



Each assessment for General Common Expenses shall be the personal obligation of the Unit Owner who held record title to the Unit at the time the assessment became due. No Unit Owner shall be liable for the payment of any part of any assessment imposed against that Unit subsequent to the date of recordation of filing of an instrument conveying the Unit in fee simple. Prior to or at the time of any record title or beneficial interests to a Unit, all liens, unpaid charges and assessments shall be paid in full and discharged. Notwithstanding the foregoing, the purchaser of a Unit shall be jointly and severally liable with the selling Unit Owner for all unpaid assessments incurred prior to conveyance of the Unit, without prejudice to the purchaser's right to recover from the selling Unit Owner any assessments paid by the purchaser. A Unit purchaser shall not be liable for nor shall the Unit be conveyed subject to a lien for any unpaid assessments in excess of the amount set forth in any estoppel certificate contemporaneously provided to the Unit purchaser in accordance with Section 11.1 of the Declaration. A Unit Owner's voting rights may be suspended upon failure of a Unit Owner to pay Condominium assessments, provided such Unit Owner has been provided the notice and opportunity to cure described in Section 7.2(c) of these Bylaws.

Section 5.3. Utility Charges; User Fees. Utilities serving the Units shall be separately metered and billed to the respective Unit Owners. The costs for any utilities serving the Common Elements shall be a General Common Expense allocated pursuant to Section 5.1 of these Bylaws. To the extent permitted by Applicable Law, the Board of Directors may impose reasonable utility user fees, for the use of (a) Limited Common Elements, (b) personal property of the Council of Unit Owners, (c) for services provided by or arranged for through the Council of Unit Owners, or (d) for services provided by the Council of Unit Owners to one (1) or more, but less than all Unit Owners, including fees for utility services which are sub-metered.

Section 5.4. Collection of Assessments and Monetary Obligations. The Board of Directors or the Condominium Managing Agent, at the request of the Board, shall take prompt action to collect any Condominium assessments due from any Unit Owner that remain unpaid for more than the applicable cure period described in Section 7.2(c) of these Bylaws. The lien for unpaid assessments, and any monetary obligations remaining unpaid beyond the applicable cure period described in Section 7.2(c) of these Bylaws by a Unit Owner to any party to which such payment is due, may be enforced and foreclosed in such manner as may from time to time be provided in the Maryland Condominium Act and the Maryland Contract Lien Act. Any assessment, until paid, may at the election of the Board of Directors bear interest at the maximum rate permitted by Applicable Law at the time the assessment became due or, if there is no such maximum rate, at such rate as is determined by the Board of Directors. In no event, however, shall the interest rate be more than five (5) percentage points above the floating prime rate of interest set forth from time to time in the Money Rates section of The Wall Street Journal or, if such section is no longer published, such other publication as the Board of Directors may reasonably select. In addition, the Board of Directors may impose late charges of not to exceed five percent (5%) of the past due assessment and/or the costs of collection (including reasonable attorneys' fees) with respect to any assessment that has not been fully paid when due. Such late charges, attorneys' fees and other costs shall not exceed the permissible amounts provided for in the Maryland Condominium Act.



Section 5.5. Statement of General Common Expenses. Within ten (10) days after receipt of a written request, the Board of Directors or Condominium Managing Agent shall provide any Unit Owner, Mortgagee, or contract purchaser of a Unit or the beneficial interests in a Unit Owner with a written statement of all unpaid Condominium assessments due from such Unit Owner. The Board of Directors may impose a reasonable charge for the preparation of such statement to cover the cost of preparation and delivery.

Section 5.6. Maintenance, Repair, Replacement and Other General Common Expenses.

- The Council of Unit Owners shall be (a) Council of Unit Owners. responsible for the operation, maintenance, repair and replacement of the Common Elements and for any other portion of the Condominium required to be maintained by the Council of Unit Owners pursuant to the Condominium Documents. The cost of such operation, maintenance, repair and replacement shall be charged to all Unit Owners as a General Common Expense unless otherwise provided in the Condominium Documents; provided, however, that any Unit Owner of a Unit to which a Limited Common Element is appurtenant or any Unit Owner who is benefited by a Reserved General Common Element and has been granted a revocable license for such Reserved General Common Element shall have the responsibility for the routine operation, maintenance, repair and replacement of those areas and all costs associated therewith in accordance with Section 5.1(d) to these Bylaws, except as otherwise determined by members of the Board of Directors. In addition, the Board of Directors may elect not to maintain, repair or replace all or a portion of the Common Elements if in the reasonable opinion of the Board of Directors such maintenance, repair or replacement was necessitated by the negligence, misuse or neglect of a Unit Owner or its tenants, agents, contractors or others with privity to such Unit Owner. In that event, the negligent Unit Owner or its tenants, agents, contractors or others with privity to such Unit Owner shall be responsible for such repair, replacement or maintenance in accordance with these Bylaws. Alternatively, if in the opinion of the Board of Directors such maintenance, repair or replacement was necessitated due to the negligence, misuse or neglect of a Unit Owner, the Council of Unit Owners may undertake such repair, maintenance or replacement and assess the negligent Unit Owner for all reasonable costs related thereto. Some or all of the foregoing responsibilities may be performed by the Condominium Managing Agent.
- (b) **Payment Vouchers**. The method of approving payment vouchers for all maintenance, repairs and replacements of the General Common Elements shall be determined by the Board of Directors.

Section 5.7. Additions, Alterations, Renovations or Improvements by the Unit Owners.

(a) Subject to Article 10 of the Declaration, each Unit Owner shall maintain, repair and replace its Unit consistent with the First Class quality of the Condominium and the other improvements within the Rockville Town Square Project in which the Condominium is located. All repairs and replacements shall be substantially similar to the original construction



and installation and shall be of first-class quality, but may be done with contemporary building materials, equipment and technology that are consistent First Class properties, or such other standards as determined by the Board of Directors.

- Except during the initial construction of the improvements, no Unit Owner shall (i) make any addition, modification, renovation, replacement or other alteration in or to the General Common Elements, or (ii) paint or alter any General Common Element, without the prior written consent of the members of the Board of Directors, which consent shall not be unreasonably withheld, delayed or conditioned. No Unit Owner shall make any addition, alteration, renovation or alteration in or to a Limited Common Element or a Reserved Common Element that would have a material adverse effect on another Unit without the prior written consent of the Owner of the affected Unit. The Board of Directors shall be obligated to respond to any written request by a Unit Owner (sent by certified mail, return receipt requested) for approval of a proposed structural addition, alteration, renovation or improvement to the Common Elements within thirty (30) days after such request, and failure to do so within the stipulated time shall constitute a consent by the Board of Directors to the proposed structural addition, alteration, renovation or improvement. Due to the complex structural design and interrelationships of the improvements, any application to the Board of Directors for a structural change to a Common Element shall include a reasonably detailed analysis of the proposed change by a qualified engineer or architect licensed by the State of Maryland. If any application to any governmental authority for a permit to make any such structural addition, alteration, renovation or improvement in or to the Common Elements requires execution by the Council of Unit Owners, and provided consent has been given by the Board of Directors, then the application shall be executed on behalf of the Council of Unit Owners by an authorized Officer. The review and approval by the Board of Directors shall not imply that the Board or Council of Unit Owners have evaluated the technical merits or legal sufficiency of the proposed change and neither the Board of Directors nor the Council of Unit Owners shall incur any liability to any Unit Owner, third party, contractor, subcontractor or materialman on account of such addition, alteration, renovation or improvement, or to any person having a claim for injury (including death) or damage arising therefrom.
- (c) No Unit Owner shall make a structural change to a Unit or a change to any mechanical, life safety, sprinkler or fire suppression system therein (a "Building System") that would have an adverse and material impact on another Unit without the prior written consent of the impacted Unit Owner. No Unit Owner shall make a structural change to a Unit or to a Building System that would have an adverse and material impact on any Common Elements without the prior written consent of the members of the Board of Directors. Due to the complex structural design and interrelationships of the improvements, any structural change to a Unit or a change to any Building System that would have an adverse and material impact on another Unit or to the Common Elements shall include a reasonably detailed analysis of the proposed change by a qualified engineer. Notwithstanding anything contained in the foregoing to the contrary, changes to a Building System performed by or on behalf of a Unit Owner with all necessary building permits and which do not violate insurance requirements shall not require the prior written consent of the other Unit Owners or the Board.



(d) Except to the extent expressly limited elsewhere in the Condominium Documents each Unit Owner shall have the right to make any non-structural alterations to the interior or the exterior of its Unit that such Unit Owner deems necessary, including, without limitation, the right to install, modify or remove signage and storefront features and displays and the right to reasonably reconfigure parking spaces, aisles and access points, provided such reconfiguration does not reduce the number or availability of parking spaces or unreasonably interfere with access to the parking spaces.

ARTICLE 6 MORTGAGES

- **Section 6.1.** Unit Mortgages. Each Unit Owner may mortgage, encumber or otherwise grant a security interest in its Unit, subject to the terms and conditions of this Declaration and the Bylaws.
- Section 6.2. Notice to Board of Directors. Each Unit Owner shall notify the Board of Directors of the name and address of any Mortgagee with respect to such Unit Owner's Unit.
- Section 6.3. Notice of Default, Casualty or Condemnation. The Board of Directors, when giving notice to any Unit Owner of a default in paying an assessment or any other default, which remains uncured beyond the applicable cure period set forth in Section 7.2(c) of these Bylaws, shall simultaneously send a copy
- Section 6.4. of such notice to the Mortgagee of such Unit. Each Mortgagee shall have the right to cure any default by its Unit Owner mortgagor within the applicable time period allotted to such Unit Owner to cure such default. Each Mortgagee shall also be promptly notified of all actions taken under Article 10 of the Declaration and of any taking in condemnation or by eminent domain and actions of the Council of Unit Owners with respect thereto. The Board of Directors shall also give Mortgagees any other notices reasonably requested by such Mortgagees.
- Section 6.5. Notice of Amendment of Condominium Documents. The Board of Directors shall give notice to all Mortgagees (provided the name and address of the current Mortgagee has been provided to the Council of Unit Owners) at least seven (7) days prior to the date of any material amendment to the Condominium Documents and any other notices reasonably requested by a Mortgagee.

Section 6.6. Mortgagees' Approvals.

their prior written approval, the Council of Unit Owners shall not: (i) change any Unit's Percentage Interest except as provided in the Maryland Condominium Act or otherwise in the Condominium Documents; (ii) except following destruction or condemnation (and subject to Article 10 of the Declaration), partition, subdivide, abandon, encumber, sell or transfer the Common Elements of the Condominium (except for the granting of easements pursuant to Section 11-125 of the Maryland Condominium Act and the Condominium Documents); (iii)



except following destruction or condemnation (and subject to Article 10 of the Declaration), by act or omission withdraw the submission of any of the Property to the Maryland Condominium Act, or terminate the Condominium, (iv) modify the method of determining or collecting assessments or allocating distributions of casualty insurance proceeds or condemnation awards; (v) use insurance proceeds for losses to the Condominium for any purpose other than repair, replacement or restoration except as provided in Section 10.4 of the Declaration, or (vi) make any amendment or modification to the Condominium Documents impairing or affecting the rights, priorities, or remedies of a Mortgagee.

- (b) Non-Material Amendments. Any addition or amendment to the Condominium Documents shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only.
- (c) Presumptive Approval. If a Mortgagee is notified of any proposed amendment to the Condominium Documents or other matter for which it is entitled to notice as provided in the Declaration or these Bylaws (such notice to be delivered by certified mail, return receipt requested), and such Mortgagee fails to respond within thirty (30) days of receipt of such notice, such Mortgagee shall be conclusively deemed to have approved the proposed amendment or other matter for which the Mortgagee was provided notice.

ARTICLE 7 COMPLIANCE AND DEFAULT

- Section 7.1. Relief. Each Unit Owner shall be governed by, and shall comply with, the Maryland Condominium Act and the Condominium Documents, as the same may be amended from time to time. In addition to the remedies provided in the Maryland Condominium Act, a default by a Unit Owner, beyond any applicable notice and cure period, shall entitle a non-defaulting Unit Owner, and also the Council of Unit Owners, acting through its Board of Directors or through the Condominium Managing Agent, to the relief described in this Article 7.
- Section 7.2. Additional Liability. Each Unit Owner shall be liable to the Council of Unit Owners and to each other, as applicable, for the expense of all maintenance, repair or replacement rendered necessary by its acts or omissions and those of its tenants, subtenants, invitees, licensees, employees, contractors and agents, but only to the extent that such expense is not covered by the proceeds of insurance carried on behalf of, or for the benefit of, the Board of Directors or such Unit Owner. Nothing contained herein, however, shall be construed as modifying any waiver by any insurance company of its rights of subrogation. Any costs, including, without limitation, reasonable attorneys' fees incurred as a result of a failure of a Unit Owner or its guests, customers, invitees, tenants, agents or employees to comply with the Maryland Condominium Act or the Condominium Documents, may be assessed against such Unit Owner and its Unit.



- (a) Costs and Attorney's Fees. In any proceedings arising out of any alleged default by a Unit Owner, the Council of Unit Owners shall be entitled to recover the costs of such proceeding and such reasonable attorneys' fees as may be determined by the court.
- (b) No Waiver of Rights. The failure of the Council of Unit Owners, the Board of Directors, any committee of the Board of Directors, or any Unit Owner to enforce any right, provision, covenant or condition that may be granted by the Condominium Documents or the Maryland Condominium Act shall not constitute a waiver of the right of any such party to enforce such right, provision, covenant or condition in the future. All rights and remedies granted to the foregoing parties pursuant to the Condominium Documents or the Maryland Condominium Act shall be deemed to be cumulative and the exercise of any one or more of the same shall not be deemed to constitute an election of remedies, nor shall it preclude the party exercising the same from exercising such other rights and remedies that may be available under the Condominium Documents or at law or in equity.

(c) Abating and Enjoining Violations.

Non-Monetary Violations. In addition to any other rights that may (i) be available, the breach of any provision of the Condominium Documents or the Maryland Condominium Act shall give the Board of Directors, the Condominium Managing Agent and each non-defaulting Unit Owner the right: (1) to enter the Unit or Limited Common Element in which, or as to which, such breach exists and summarily to abate and remove, at the expense of the defaulting Unit Owner, any structure, thing or condition that may exist in violation of the Condominium Documents; (2) to cure any breach of the Condominium Documents; provided, however, that before any construction may be altered or demolished pursuant to clauses (1) or (2) above, judicial proceedings shall be instituted (except in emergencies, or if such breach by a Unit Owner resulted in or may result in an adverse and material effect to another Unit Owner, in which case judicial proceedings shall not be required to be instituted before such party may exercise such right to cure), or (3) to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach. Before exercising any of its rights under this subsection, the Board, the Condominium Managing Agent, or the non-defaulting Unit Owner, as the case may be, shall give the defaulting Unit Owner notice and an opportunity to cure the default as set forth hereinbelow, except in emergency situations as reasonably determined by the Board of Directors, the Condominium Managing Agent or each non-defaulting Unit Owner, as applicable, where only such notice (if any) is reasonable under the circumstances shall be required, as long as notice is given as soon as practicable thereafter. Except in emergency situations (as aforesaid), a defaulting Unit Owner shall cure a non-monetary default within twenty (20) days after written notice from the Board of Directors, the Condominium Managing Agent or the non-defaulting Unit Owner, as the case may be, that a non-monetary default has occurred, unless such non-monetary default is of such a nature that it cannot be reasonably be cured within twenty (20) days, in which event the defaulting Unit Owner shall have such reasonable time to cure such non-monetary default, provided, however, that the defaulting Unit Owner commences to cure such non-monetary default within such twenty (20) day period after written notice thereof and diligently and continuously prosecutes same to



completion within sixty (60) days after written notice thereof, subject to Excusable Delays set forth in Section 11.13 of the Declaration.

- (ii) Monetary Violations. A defaulting Unit Owner shall cure a monetary default within fifteen (15) days after written notice from the Board of Directors, the Condominium Managing Agent or the non-defaulting Unit Owner, as the case may be, that such monetary default has occurred. If a defaulting Unit Owner fails to perform any monetary obligation that remains uncured beyond the applicable cure period, or if the defaulting Unit Owner fails to reimburse any party entitled to reimbursement arising out of its enforcement of the Condominium Documents, the party entitled to the performance of such monetary obligation shall be entitled to a lien against the defaulting Unit Owner's Unit pursuant to Section 7.3 of these Bylaws and the Maryland Contract Lien Act, to secure the amount of the reimbursement, including interest thereon at a rate that is five (5) percentage points above the floating prime rate of interest set forth from time to time in the Money Rates section of *The Wall Street Journal* or, if that section is no longer published, such other publication as the party entitled to the reimbursement may reasonably select.
- (iii) In exercising any of its rights in accordance with this Section 7.2(c), the Board of Directors, the Condominium Managing Agent, or the non-defaulting Unit Owner, as the case may be, shall not be deemed in any manner guilty of or liable for trespass. Any actual and reasonable out of pocket expenses (including reasonable attorneys' fees and costs and costs for enforcement and collection) incurred in curing a breach by the defaulting Unit Owner shall be reimbursed to the Board of Directors, the Condominium Managing Agent, or the non-defaulting Unit Owner, as the case may be, upon demand. In any legal proceeding arising out of any alleged default by a Unit Owner, the prevailing party shall be entitled to recover the costs of such proceeding and reasonable attorneys' fees and costs and costs for collection, as determined by the court.
- (d) Legal Enforcement. Failure to comply with any of the terms of the Condominium Documents shall be grounds for relief in accordance with the terms hereof, including, without limitation, an action to recover any sums due for money damages, injunctive relief, foreclosure of the lien for payment of Condominium assessments, any other relief provided for in the Condominium Documents, and any other relief afforded by a court of competent jurisdiction, all of which relief may be sought by the Council of Unit Owners, the Board of Directors, or, if appropriate, by any aggrieved Unit Owner, and shall not constitute an election of remedies.
- (e) Charges. The Board of Directors may levy reasonable charges against a Unit Owner for violations of the Condominium Documents by such Unit Owner or such Unit Owner's tenants, agents, employees, contractors and invitees, after notice and an opportunity to cure pursuant to Section 7.2(c) of these Bylaws is given to such Unit Owner. No charge may be levied for a single violation in excess of the maximum amount permitted by Applicable Law. Each day a violation continues, after notice and an opportunity to cure pursuant to Section 7.2(c)



of these Bylaws is given to the Unit Owner, shall be deemed a separate violation. Such charges are Special Assessments and shall be collectible as such.

Section 7.3. Enforcement of Assessments.

- (a) Lien. The total Annual Assessment of each Unit Owner for General Common Expenses, Special Maintenance Expenses and any Special Assessment, or any other sum duly levied pursuant to the Condominium Documents (including late charges, reasonable attorneys' fees and costs of collection), is hereby declared to be a lien levied against the Unit of such Unit Owner as provided in the Maryland Condominium Act, which lien shall, with respect to Annual Assessments, be effective on the first day of each fiscal year of the Condominium and, as to Special Assessments and other sums duly levied, on the first day of the next month that begins more than ten (10) days after delivery to the Unit Owner of notice of such Special Assessment or levy. The Board of Directors, or the Condominium Managing Agent if directed to do so by the Board of Directors, may file or record among the Land Records such other or further notice or instrument of any such lien as may be required to confirm the establishment and priority of such lien.
- (b) Acceleration. In any case where an assessment against a Unit Owner is payable in installments, upon a default by such Unit Owner in the timely payment of any two (2) consecutive installments, the maturity of the remaining total of the unpaid installments of such assessment for the current fiscal year may be accelerated at the option of the Board of Directors and the entire balance of the assessment remaining for the current fiscal year may be declared due and payable in full by the service of notice of acceleration to the defaulting Unit Owner and such Unit Owner's Mortgagee.
- (c) Enforcement. The lien for Condominium assessments may be enforced and foreclosed in any manner permitted by the laws of Maryland, by power of sale or action by the Board of Directors or the Condominium Managing Agent acting on behalf of the Council of Unit Owners. The plaintiff in such proceeding shall have the right to the appointment of a receiver, if available under the laws of the Maryland.
- (d) Remedies Cumulative. A suit to recover a money judgment for unpaid assessments may be maintained without foreclosing or waiving the lien securing the same, and a foreclosure may be maintained notwithstanding the pendency of any suit to recover a money judgment.

ARTICLE 8 AMENDMENTS TO BYLAWS

These Bylaws may be modified or amended only by the unanimous express written consent of the Unit Owners. All amendments to these Bylaws shall be recorded among the Land Records. Notwithstanding the foregoing, the Board of Directors unilaterally may amend the Condominium Documents to correct or supplement any mathematical mistakes, inconsistencies



or scrivener errors or any erroneous or incomplete information based upon any objectively verifiable fact, provided that all Unit Owners are provided prior notice of the same.

ARTICLE 9 MISCELLANEOUS

- **Section 9.1.** Notices. Except as otherwise provided in the Condominium Documents, all notices, demands, bills, statements or other communications under these Bylaws shall be made in accordance with Section 11.10 of the Declaration.
- Section 9.2. Captions. The captions used in these Bylaws are included solely as a matter of convenience and shall not be relied upon or used in construing the effect or meaning of any of the provisions of these Bylaws.
- **Section 9.3.** Gender. The use of the masculine gender in these Bylaws shall be deemed to include the feminine and neuter genders and the use of the singular shall be deemed to include the plural, and vice versa, whenever the context so requires.

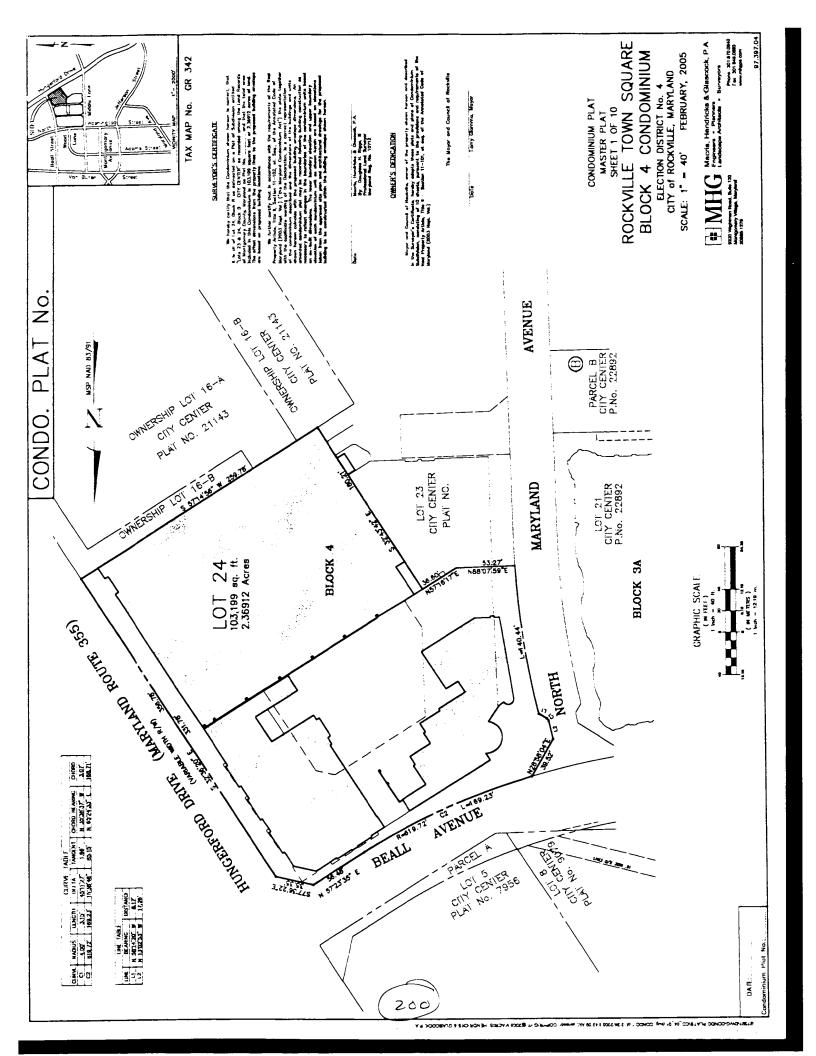
[END OF BYLAWS]



EXHIBIT C

Condominium Plats (Attached)





Fuers 201.670.0840 Fax 301.848.0863 www.rhggs.com 97.397.04 B-2 LEVEL SHET 2 OF 10 ROCKVILLE TOWN SQUARE MHG Engineers - Permeters & Glascock, P.A. Landscape Architects - Burneyon BLOCK 4 CONDOMINIUM CITY OF ROCKVILLE, MARYLAND SCALE: 1" = 30' FEBRUARY, 2005 ELECTION DISTRICT No. 4 CONDOMINIUM PLAT CONDO. PLAT No. 6220 Wgramun Hoad, Bulls 120 Mongomery Village, Manyland 30886-1279 R/P/PR COMMERCIAL UNIT BLOCK 5 RESIDENTAL FOLEVATOR/ LOBBY GRAPHIC SCALE (WIREY) BACOTLED WOODLPED AREA PANGONG STORAGE NOOM-STORAGE ROOM The Common Usernests shall consist of all the Condemshitzer Property and Improvements bearean which are not pret of any Condemshitzer Unit. The Common Densente stidl be comprised of the United Common Florrents and the General Common Sements us set forth in the Declaration. The General Common flaments, designated (G.C.L.) hereby, are comprised of all this sees end hotfillow which are not a port of a Juhl or Limited Common Dement as shown hereby or as set fattly the the Dedocation. The Limited Common Dements as set forth in the Declaration designated (LCLL) hereby, are shown harmon. Horizontal and Vertical Dutum based on Maryland State (None MADB). $\overline{\rm N}$ The diministra of the condomisher units shown harvon carbots with the proposed beliefing visitings diministra Ar-full diministra of each condomisher with all be about on the amended condomisher piet to be recorded fallowing construction. The phosing of this property is the contembium plutting purposes only. This condomination plat does not perport to aubdivide the property into exports aubdivident lets. Limited Correct Corre • C/N = Commercial and Healdenthis Dement • P/C - Versing and Commercial Element P/R - Marking and Hambbantial Dament R/P/RP - Residential, Verking and Residential Perking Demon' A New Residential Porting Unit Commercial Unit Parking Unit ON ED TO The Common Elements DAR: dominium Plat Na. CEMO NOTES CE NE MA. MOJES 201

